

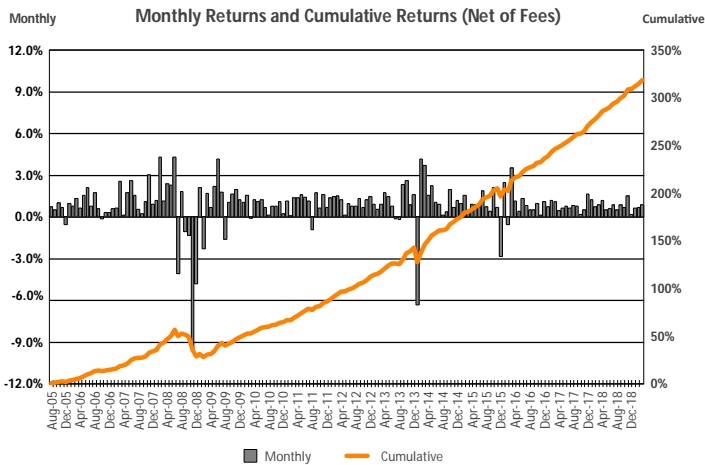
Nautilus Fairtree Proton Retail Hedge Fund Investment Performance Summary

31 March 2019

Portfolio Objective

The Nautilus Fairtree Proton Retail Hedge Fund aims to provide superior risk-adjusted returns over and above cash, irrespective of market conditions. The portfolio is managed by balancing fixed income relative value exposures with credit exposures, in a way that minimises market risk and allows the portfolio to achieve its targeted return over the medium term. We believe that the markets are not always efficient and therefore present mispriced assets which can be taken advantage of to generate excess returns. A disciplined approach to fundamental and quantitative analysis helps to identify these mispriced assets. We believe that a team-based fundamental approach to the valuation of assets, combined with cutting-edge quantitative techniques in portfolio construction and risk management help build a fund to achieve the objectives of superior risk-adjusted returns. The fund has a targeted return of cash plus 6% over a rolling 3-year period.

Cumulative Performance Since Inception



Return Analysis

	Fund	All Bond Index	StEfi
1 Month	0.91%	1.33%	0.61%
3 Months	2.32%	3.81%	1.77%
6 Months	4.86%	6.66%	3.59%
1 Year	9.86%	3.46%	7.26%
3 Years	33.72%	33.50%	24.01%
5 Years	70.03%	49.20%	40.30%
Since Inception	319.01%	194.33%	162.79%

Risk Analysis

	Fund	All Bond Index	StEfi
Sharpe Ratio	0.64	0.14	n/a
Sortino Ratio	0.82	0.24	n/a
Standard Deviation	5.32%	7.05%	0.49%
Best Month	4.34%	7.27%	1.04%
Worst Month	-9.53%	-6.67%	0.39%
Best Rolling 12 Months	25.70%	21.23%	11.79%
Worst Rolling 12 Months	-10.50%	-5.61%	5.16%
Largest Cumulative Drawdown	-17.96%	-9.78%	n/a
% Positive Months (Since Inception)	90.24%	67.07%	100.00%
Correlation (ALBI Index) Monthly	-0.12		
Value at Risk (VaR) 99%	3.38%		

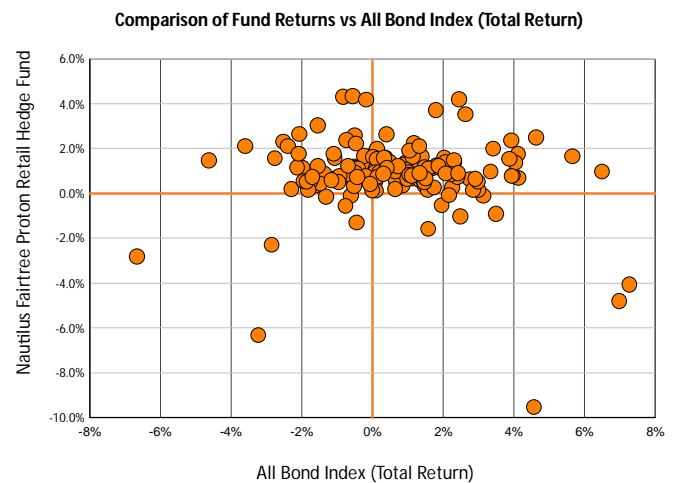
The above benchmark(s) are for comparison purposes with the fund's performance. The fund does not follow the benchmark(s).

*Please note that performance figures include returns earned during the relevant periods prior to the portfolio being regulated under CISCA. The investment performance is for illustrative purposes only and is calculated by taking actual initial fees and all ongoing fees into account for the amount shown; and income is reinvested on the reinvestment date. The annualised total return is the average return earned by an investment each year over a given time period. Annual figures are available from the manager on request. The highest and lowest 1 year returns represent the highest and lowest returns achieved during any single calendar year since the original launch date of the portfolio.

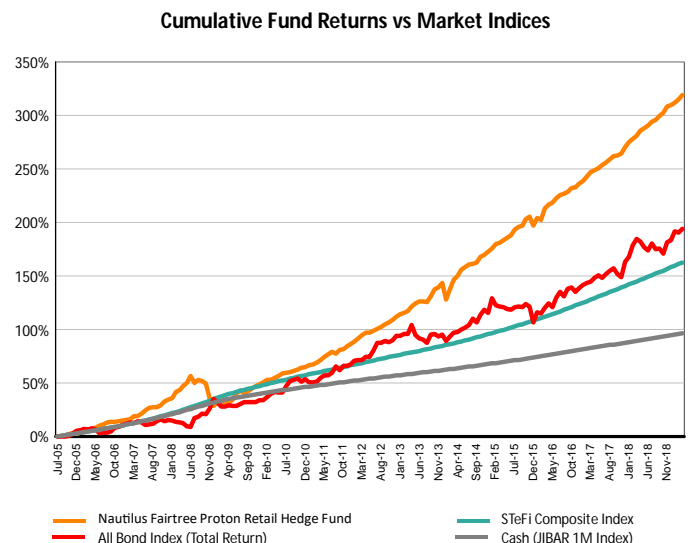
Fund Details

Fund size (in Millions):	R 284.0
Inception Date:	31 August 2005
Fund Structure:	CISCA (Retail Hedge Fund Portfolio)
Benchmark:	N/A
Minimum Investment:	R 50 000 Lump sum
Total Expense Ratio (TER%):	2.27%
Transactions Costs Ratio (TC%):	0.04%
* Total Investment Charges (TIC%):	2.31%
Performance Fee (PF) Included in TER:	0.76%
Investment Manager contact details	Fairtree Asset Management (Pty) Ltd
Telephone Number:	+27 86 176 0760
Website:	www.fairtree.com

Comparison of Fund returns



Cumulative Fund returns



Increase in NAV Attributable to Investors

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2005								0.77%	0.53%	1.02%	0.73%	-0.53%	2.54%
2006	0.99%	0.80%	1.35%	0.66%	1.57%	2.11%	0.82%	1.77%	0.60%	-0.10%	0.36%	0.35%	11.86%
2007	0.63%	0.64%	2.60%	0.16%	1.77%	2.65%	1.59%	0.57%	0.27%	1.13%	3.03%	0.92%	17.12%
2008	1.19%	4.31%	1.15%	2.38%	2.31%	4.34%	-4.06%	1.87%	-1.03%	-1.30%	-9.53%	-4.80%	-4.06%
2009	2.11%	-2.29%	1.73%	0.70%	2.22%	4.18%	1.82%	-1.58%	1.08%	1.67%	1.98%	1.24%	15.73%
2010	1.09%	1.60%	-0.07%	1.26%	1.12%	1.28%	0.70%	0.16%	0.81%	0.79%	1.14%	0.27%	10.62%
2011	1.16%	0.12%	1.39%	1.41%	1.64%	1.46%	1.17%	-0.91%	1.77%	0.64%	1.63%	0.70%	12.85%
2012	1.39%	1.50%	1.53%	1.24%	0.14%	0.98%	0.80%	0.79%	1.37%	0.70%	1.28%	1.49%	14.03%
2013	0.94%	0.59%	0.93%	1.76%	1.47%	0.82%	-0.10%	-0.14%	2.36%	2.64%	0.87%	1.63%	14.64%
2014	-6.31%	4.20%	3.72%	1.58%	2.25%	1.06%	0.96%	0.15%	0.37%	1.99%	0.72%	1.22%	12.16%
2015	0.97%	1.57%	0.34%	0.93%	0.88%	0.77%	1.91%	0.74%	0.42%	2.12%	0.69%	-2.82%	8.77%
2016	2.50%	-0.55%	3.53%	1.15%	0.44%	1.37%	0.86%	0.53%	0.52%	0.98%	0.17%	1.11%	13.32%
2017	0.76%	1.22%	1.14%	0.49%	0.65%	0.79%	0.66%	0.84%	0.79%	0.19%	0.51%	1.65%	10.12%
2018	1.24%	0.77%	0.90%	1.23%	0.54%	0.60%	0.91%	0.52%	0.88%	0.73%	1.54%	0.20%	10.53%
2019	0.66%	0.73%	0.91%										2.32%

- The NAV of the fund gained 0.91%, bringing the total return to investors to 319.01% and the average annualised return to 11.05%.
- The annualised standard deviation is 5.32% and compares favorably with that of the All Bond Index (Total Return) at 7.05%.
- The downside deviation of the fund is 1.22% compared to 1.16% for the All Bond Index (Total Return).
- The excess return per unit risk, as measured by the Sharpe Ratio, increased to 0.64, whilst that of the All Bond Index (Total Return) increased to 0.14.

Market Commentary

Market Dynamics:

It was a bit of a "strange" one, the old weirdo in the trench coat sort of trade. Difficult to put your finger on exactly why you felt somewhat uncomfortable during the month. Perhaps it was the continuation of the US/Chinese feud or the continuing shenanigans going on in Westminster regarding the shape and form of Britain's preferred isolationism from the Europeans. I suppose the English have been at loggerheads with their closest European neighbours, the French, for centuries, so we shouldn't be surprised at the reluctance of "Jeremy Public" to remain on any sort of speaking terms with them for too long. In fact when one considers that the very reason Britain got involved in The Great War was to defend Belgian sovereignty (that treaty with Belgium was to offset French rather than German aggression) one starts to realise that Brexit probably has little to do with economics and more to do with "Jeremy Public's" emotions. The entire Parliamentary Brexit debate makes for rather good comedy. The cut and thrust of an ill-conceived argument, put across in a rather convoluted and over-zealous manner certainly keeps one glued to the TV screen. It all has the raw aggression of a primary school playground. In fact the last time I saw such childishness was when little Trevor refused to "Come Over" during the final stages of a rather heated "Red Rover" game when I was six-and-a-half. Trevor has apparently never been the same since by the way.

But perhaps it's the lack of outright market volatility that keeps us glued to these unfolding political sideshows, and March was in the middle of nowhere as far as volatility was concerned. The annualised standard deviation of daily returns of the S&P500 for the calendar month ranked 123rd out of the 216 months since the second quarter of 2001. Across the channel, the SX5E index posted its 181st ranked month in volatility terms. Even the UK with all of its hair pulling, biting, scratching and handbags posted its 151st most volatile month - not exactly experiences that will keep you awake at night.

Moving to local equities, it certainly wasn't a month where conservatism would have paid off. Quant strategies would have been tripped up by the dispersion of returns in the TOP40 index. Although the index posted a healthy 1.94% total return over the month, the breadth of positive numbers was not something to brag about. Only 9 stocks posted positive returns but it was all market cap heavyweights that provided the lifting. British American Tobacco ("Errr wasn't that a South African company once?") was up some 18.7%, Mobile Telephone Networks up 10.1% whilst Naspers was up some 9.4%. Couple those 3 with Sasol up 6.1% and Anglo American ("Err wasn't that also a South African company once?") up some 5.6%. So with a top five like that, it would have been almost mathematically impossible for the index to generate a negative return on the month. At the bottom of the performance pile came all the domestic-centric counters, Aspen lost some 33% of market cap whilst the Fortress REIT lost 17%. Mister Price buckled and lost 12%. Very little place to hide outside of the heavyweight counters.

The bond market rallied during the month with the All Bond Index producing another 1.33% over the month. That puts it at 3.75% on a year to date basis, comfortably in front of the STeFI which has produced a steady 1.73% so far this year. As far as yields are concerned, the benchmark R186 traded a rather narrow 8.76% to 8.95% over the course of the month closing the month at the lows. The curve flattened with the short end being squeezed up against the 3 month JIBAR rate. How things have changed of late, from being in a "read my lips" hiking cycle a couple of months ago to the market currently discounting the next move being lower. How things can change in a small open economy with a floating currency. I suppose it keeps everyone just bursting with qualified opinions. I'm not even going to say anything about Moody's.

Performance:

It was another positive month for the good guys with Proton generating 0.91% on an after fees basis. This stacked up rather well against STeFI which produced some 0.57%. From an interest rate perspective some 26 bps of alpha was added during the month with a good smattering of alpha being incrementally accumulated across the value adding buckets. Volatility strategies added about 18 bps, government bond directional risk added around 10 bps whilst swaps and FRAs subtracted a couple of points. Systematic Trading Strategies (STS) were largely square bear. Credit added value again, with no defaults and pull to par effects generating consistent and rather pleasing accruals.

But credit investing is not for everyone, and I'd certainly advise against the blind formulation of credit portfolios. Credit managers with snappy suits, unlimited expense accounts, two-door convertible sports cars but without verifiable track records should be avoided like the plague.

Please Note: The above commentary is based on reasonable assumptions and is not guaranteed to occur.

Mandatory Disclosures

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